

**October 17, 2006**

SUBJECT: Award of Contract for the Purchase of Office Supplies
(F0609-26)

REPORT IN BRIEF

Approval is requested for the award of a one-year contract, with an option to extend the contract for two additional one-year periods, to Office Max of Menlo Park for the purchase of office supplies for all City departments.

BACKGROUND

The City uses a wide variety of office supplies to support all City operations. A review of office supply purchases in FY 2004/05 reveals that the most commonly purchased office supplies included several types of toner cartridges, pens, markers, tape, staples, envelopes, note pads, and file folders. (Copy paper is purchased through a separate competitive bid process.)

Over the years, the City has found it beneficial to “piggyback” on contracts initiated by larger public agencies. This has allowed the City to leverage the deep discounts typically offered only to high volume purchasers. Most recently, the City has used the State of California contract for office supplies; and this contract is the basis under which the City’s current primary office supply contract was issued. Under this contract, which is with Office Max, authorized City staff are able to order a wide variety of office supplies online at deeply discounted prices and receive desktop delivery within 24 hours. This contract will expire on October 31, 2006.

DISCUSSION

Although the State of California has issued a competitive bid for a new office supplies contract, contract award has been delayed. This has left cities, such as Sunnyvale, without a State contract from which to purchase office supplies. To resolve this problem, a number of cities, including San Jose and Mountain View, have elected to “piggyback” on an Office Max contract that was competitively bid by Oakland County, Michigan. In addition to offering lower prices than the State contract on many of the City’s high usage items, the Oakland County contract includes volume and electronic commerce incentives. Through these incentives, the City would be eligible to receive a 1.5 percent

rebate, based upon the City's total annual purchase volume and the fact that more than 75 percent of City purchases are made online.

Section 2.08.220(b) of the Sunnyvale Municipal Code authorizes the use of a contract initiated by another governmental entity, provided that the original parties to the contract agree, the contract was awarded within twelve months of the date of authorization, the contract is for identical or nearly identical goods, and the contract resulted from a competitive bid using methods similar to those required by the City's Purchasing Ordinance. The Oakland County contract with Office Max meets all of these criteria.

FISCAL IMPACT

Expenditures under the requested contract are not expected to exceed \$150,000 per year. Funds have been budgeted in operating accounts throughout the City.

RECOMMENDATION

It is recommended that Council:

1. Award a one-year contract, in substantially the same form as the attached draft and in an amount not to exceed \$150,000, to Office Max for the purchase of office supplies, based upon an Oakland County, Michigan, contract; and
2. Delegate authority to the City Manager or her designee to execute an option to extend the contract for two additional one-year periods if pricing and service remain acceptable to the City.

Prepared by:

Elaine Wesely
Purchasing Officer

Reviewed by:

Mary J. Bradley
Director, Finance

Approved by:

Amy Chan
City Manager

Attachment

Draft Blanket Purchase Order



**CITY OF SUNNYVALE
CALIFORNIA**

BLANKET ORDER NO DRAFT

ORDERED FROM 06250-002 OFFICE MAX-A BOISE COMPANY ATTN JENNIFER JIMENEZ 1315 O'BRIEN DR MENLO PARK CA 94025		800-310-8008	ORDER DATE 10/5/2006 START DATE 11/1/2006 END DATE 10/31/2007 BID/RFQ NO	BILL TO: City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale CA 94088-3707
DELIVER TO CITY LOCATIONS AS SPECIFIED AT THE TIME OF ORDER		FOB DESTINATION PAYMENT TERMS NET 30 PR NO 0903-City		FREIGHT CHARGES INCLUDED IN PRICE REQUISITIONER CHARGE/OBJ CODE(S) VARIOUS THIS ORDER SUPERSEDES PO NO 28310-B
OTHER DEPTS/DIVISIONS AUTHORIZED TO USE THIS ORDER ALL DEPARTMENTS				
ITEM	DESCRIPTION	UNIT	UNIT PRICE	
	Blanket order to provide office supplies as required by the City of Sunnyvale for a one year period, with an option to renew for two additional one-year periods. Terms and conditions, including pricing, shall be as set forth in the Oakland County, Michigan "America Saves" Master Purchasing Agreement, dated May 2006. Orders may be placed by telephone, fax, mail or online via the OfficeMax website using City purchasing cards. Total value of this contract for a one year period NOT TO EXCEED. Approved by City Council on 10/17/2006, RTC #06-317		\$150,000.00	
<div>BUYER</div> <div>Dreama Howard Phone 408-730-7396 Fax 408-730-7710 ▼</div>				